

ORIGINAL

DIVISION OF CONSUMER ADVOCACY
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FILED

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PUBLIC UTILITIES
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
For Approval of General Rate Case and)
Revised Rate Schedules and Rules.)

DOCKET NO. 2015-0170

DIVISION OF CONSUMER ADVOCACY'S
RESPONSE TO HAWAII ELECTRIC LIGHT COMPANY, INC.'S
MOTION TO EXTEND DATE TO FILE RATE CASE AND
FOR APPROVAL OF TEST PERIOD WAIVER

Pursuant to the Hawaii Administrative Rules ("HAR") § 6-61-41(d), the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate") respectfully represents that the Consumer Advocate supports Hawaii Electric Light Company, Inc.'s ("Hawaii Electric Light") Motion To Extend Date To File Rate Case And For Approval Of Test Period Waiver ("Motion"), filed on June 17, 2015.¹

¹ Pursuant to HAR § 6-61-41(d), a party seeking to support a motion shall notify the Commission with five days after the motion is served. Pursuant to HAR § 6-61-22, when a prescribed time is less than seven days, Saturdays, Sundays and holidays, that fall within the designated period, shall be excluded in the computation. Thus, the deadline for the Consumer Advocate's response to Hawaii Electric Light's Motion, excluding the weekend from the five day computation, is June 24, 2015.

I. INTRODUCTION.

On June 17, 2015, Hawaii Electric Light filed its "Notice Of Intent" to file an application for a general rate case increase by December 30, 2016 and use a calendar year 2016 test period. Hawaii Electric Light seeks to comply with the Final Decision and Order ("Decoupling D&O") filed on August 31, 2010 in Docket No. 2008-0274 ("Decoupling Proceeding"), that established a mandatory triennial rate case cycle.²

On August 16, 2012, Hawaii Electric Light filed its 2013 test year rate case, thus, its next rate case cycle would be a 2016 test year rate case to be filed in 2015.³

On October 30, 2013, Hawaiian Electric Company, Inc. ("Hawaiian Electric") filed its Notice of Intent to file its general rate case between January 2, 2014 and June 30, 2014, and requested a test period waiver to allow Hawaiian Electric to use a 2014 calendar year test period instead of a split-test year. The Commission filed Order No. 31965, Granting Hawaiian Electric Company, Inc.'s Motion To Waive The Requirement To Utilize A 2014-2015 Split Test Year, And Approving Its Related Request To Delay The Filing Of Certain Supporting Documents. On June 27, 2014, Hawaiian Electric filed an "abbreviated rate case filing" and explained that it would forego the opportunity to seek a general rate increase in base rates. Hawaiian Electric also represented that its abbreviated rate case filing satisfies its obligation to file a general rate case application pursuant to the three-year cycle established in the Decoupling D&O. The Consumer Advocate stated that "the next procedural step is not

² Decoupling D&O, at 124-125.

³ See, Docket No. 2012-0099.

evident”⁴ and requested Commission guidance to clarify necessary actions for the proceeding.

Similarly, Maui Electric Company, Limited’s (“Maui Electric”) last rate case application was filed in Docket No. 2011-0092 using a 2012 test year. Thus, a rate increase application using a 2015 test year was required pursuant to the Decoupling D&O. On October 17, 2014, Maui Electric filed a notice of intent to file an application for a general rate increase before December 31, 2014. On December 30, 2014, Maui Electric filed its “abbreviated rate case filing” and stated that it would forego the opportunity to seek a general rate increase in base rates. Maui Electric, similar to Hawaiian Electric, represented that its abbreviated rate case filing satisfies its obligation to file a general rate case application pursuant to the three-year cycle established in the Decoupling D&O. The Consumer Advocate stated that “the next procedural step is not evident”⁵ and requested Commission guidance to clarify necessary actions for the proceeding.

⁴ See, Docket No. 2013-0373, Consumer Advocate’s Response Letter, dated July 17, 2014.

⁵ See, Docket No. 2014-0318, Consumer Advocate’s Response Letter, dated January 16, 2015.

II. DISCUSSION.

The Consumer Advocate acknowledges that business and operations for the Hawaiian Electric Companies are currently subject to significant change as a result of the Commission's directives contained in its four orders issued on April 28, 2014.⁶ Through these orders, the Commission directed the Hawaiian Electric Companies to transform their businesses, modernize the electric systems and integrate substantial amounts of variable renewable energy while reducing customer's electric bills. In an effort to address the Commission's directives, Hawaii Electric Light filed the following plans last year:

- Integrated Demand Response Portfolio Plan ("IDRPP") filed on July 28, 2014 in Docket No. 2007-0341;
- Power Supply Improvement Plan ("PSIP") filed on August 26, 2014 in Docket No. 2014-0183; and
- Distributed Generation Interconnection Plan ("DGIP") filed on August 26, 2014 in Docket No. 2014-0192.

These plans are currently under review and are subject to change based on the Commission's findings. Furthermore, the Commission's pending determinations in the existing decoupling mechanisms for the Hawaiian Electric Companies (Docket No. 2013-0141) may lead to structural changes to the existing decoupling mechanism or a new ratemaking process. The results from the decoupling investigation, IDRPP, PSIP, and DGIP could have significant impacts on the determination of Hawaii Electric

⁶ The four orders are Decision and Order No. 32052 in Docket No. 2012-0036, Order No. 32053 in Docket No. 2011-0206, Order No. 32054 in Docket No. 2007-0341, and Decision and Order No. 32055 in docket No. 2011-0092.

Light's revenue requirements, and the Consumer Advocate has concerns about the allocation of its resources towards a rate increase application when the underlying assumptions may dramatically change during the rate case proceedings as a result of the other proceedings.⁷

In addition to already identified and pending proceedings, as stated by Hawaii Electric Light, on December 3, 2014, NextEra Energy, Inc. ("NextEra") and Hawaiian Electric Industries, Inc. ("HEI"), the Hawaiian Electric Companies' parent company, announced NextEra's plans to acquire HEI before the end of 2015. The impact of the proposed acquisition on the Hawaiian Electric Companies, including Hawaii Electric Light, and their business operations and capital structure is presently unknown. However, it is reasonable to expect that, if the Commission approves the acquisition, there could be material impacts on the assumptions used by Hawaii Electric Light to compute its revenue requirements, including ramifications related to the qualification that the Hawaiian Electric Companies will not submit any applications seeking a general rate base increase for at least four years ("Proposed Rate Case Moratorium").⁸

⁷ A final decision and order in the decoupling, IDRPP, PSIP, and/or DGIP dockets, to name some examples, would force the need to recast the revenue requirement analyses during the nine month period prescribed by HRS §269-16(d). Any such revision would essentially invalidate much of, if not all work completed prior to the revision.

⁸ Hawaii Electric Light Motion, at 4.

Given the combination of the "abbreviated rate case filings", the proposed acquisition of the Hawaiian Electric Companies, the Proposed Rate Case Moratorium, and other pending regulatory matters, the next appropriate procedural step is not evident. The breadth and scope of ongoing regulatory analyses are stretching the Consumer Advocate's ability to adequately allocate its resources. Thus, the Consumer Advocate agrees with Hawaii Electric Light that allowing for an extension until the end of 2016 to file Hawaii Electric Light's general rate case would be reasonable. The Consumer Advocate also restates its request for Commission guidance on procedural matters in Docket Nos. 2013-0373 and 2014-0348 to clarify the necessary actions that should follow in order that the Consumer Advocate would be able to proceed as appropriate to best serve the consumers' interests.

III. CONCLUSION.

Based upon the discussion above, the Consumer Advocate supports Hawaii Electric Light's Motion and recommends approval of Hawaii Electric Light's request to extend the date to file its general rate case increase by December 30, 2016 and use a calendar year 2016 test period.

DATED: Honolulu, Hawaii, June 24, 2015.

Respectfully submitted,

By  _____
JON S. ITOMURA
Attorney

DIVISION OF CONSUMER ADVOCACY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S RESPONSE TO HAWAII ELECTRIC LIGHT COMPANY, INC.'S MOTION TO EXTEND DATE TO FILE RATE CASE AND FOR APPROVAL OF TEST PERIOD WAIVER** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

DEAN K. MATSUURA
MANAGER, REGULATORY RATE PROCEEDINGS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. Box 2750
Honolulu, Hawaii 96840-0001

1 copy
by hand delivery

DATED: Honolulu, Hawaii, June 24, 2015.


